

**ROBINSON TOWNSHIP
OTTAWA COUNTY, MICHIGAN
ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2014**

**KIEKOVER, SCHOLMA & SHUMAKER, PC
Certified Public Accountants
Zeeland, Michigan**

**Robinson Township, Michigan
ANNUAL FINANCIAL REPORT
Year Ended March 31, 2014**

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INDEPENDENT AUDITOR'S REPORT

June 25, 2014

Township Board
Robinson Township, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Robinson Township, Michigan, as of and for the year ended March 31, 2014, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained is sufficient and appropriate to provide a reasonable basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Robinson Township, Michigan, as of March 31, 2014 and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the management's discussion and analysis and budgetary comparison information on pages II through VIII and 14 through 16 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or to provide any assurance.

Kiekoever, Scholma & Shumaker, PC

Management's Discussion and Analysis

As management of Robinson Township, Michigan, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2014. We encourage readers to consider the information presented here in conjunction with the Township's financial statements that follow this section.

Financial Highlights

- The assets of Robinson Township exceeded its liabilities at the close of the most recent fiscal year by \$5,026,423 (*net position*). Of this amount, \$2,162,638 (*unrestricted net position*) may be used to meet the Township's ongoing obligations to citizens and creditors.
- The Township's total net position increased by \$522,245. Net investment in capital assets increased by \$428,627, while restricted net position decreased by \$130,636 and unrestricted net position increased by \$224,254.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$2,791,265, an increase of \$90,195 in comparison with the prior year. Approximately 76.0% of this total amount, \$2,122,103 is *available for spending* at the Township's discretion (*unrestricted fund balances*).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$1,402,214 or 248.3% of total general fund expenditures.
- The Township's total debt decreased by \$4,331 (100%) during the current fiscal year. This is the result of the Township incurring no new debt while making contractual obligation water system payments of \$4,331.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Township's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The statement of activities presents information showing how the Township's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected state shared revenues, franchise fees and accrued interest payable).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Township include general government, public safety, public works, community and economic development, and recreation and culture. The Township has no business-type activities.

The government-wide financial statements can be found on pages 1-2 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Following the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, reconciliations are provided to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains three (3) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Fire Operating Fund, and Roads fund, all of which are considered to be major funds.

The Township adopts an annual appropriated budget for its General Fund and special revenue Fire Operating Fund. Budgetary comparison schedules have been provided herein to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 3-5 of this report.

Proprietary funds. Proprietary funds are used to report *business-type activities*. The Township has no business-type activities and therefore no proprietary funds.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Township has no fiduciary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 6-13 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* presenting the budgetary comparisons for the Township's General Fund and Fire Operating Fund found on pages 14-16 of this report.

Government-wide Financial Analysis

Net Position - As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of Robinson Township, assets exceeded liabilities by \$5,026,423 at the close of the most recent fiscal year.

A large portion of the Township's net position (43.7%) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment, water and sewer systems and infrastructure); less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Township's net position (13.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,162,638 is unrestricted and may be used to meet the Township's ongoing obligations to its citizens and creditors.

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net position.

The following table shows, in a condensed format, the net position of Robinson Township as of March 31, 2014 and 2013.

TABLE 1 - Robinson Township's Net Position

	Governmental Activities	
	2014	2013
Current and other assets	\$ 2,879,264	\$ 2,803,933
Capital assets	2,194,623	1,770,327
Total assets	5,073,887	4,574,260
Long-term debt outstanding	-	4,331
Other liabilities	47,464	65,751
Total liabilities	47,464	70,082
Net position:		
Net investment in capital assets	2,194,623	1,765,996
Restricted	669,162	799,798
Unrestricted	2,162,638	1,938,384
Total net position	\$ 5,026,423	\$ 4,504,178

Change in Net Position – As shown in Table 2 (changes in net position) the Township’s total revenues were approximately \$1,415,000 for the current year, of which 53.3% was obtained from property taxes. Charges for services accounted for another 10.5% of the total and State shared revenues 32.7%. The balance of the Township’s revenues was primarily derived from interest earnings and other sources. The total cost of all programs and services for the year ended March 31, 2014 was approximately \$893,000. Township expenses cover a wide range of services. For the current fiscal year, about 40.2% of the Township’s expenses related to general government services, 42.4% related to public safety, 6.5% related to public works, 5.5% related to community and economic development, and 5.4% recreation and culture.

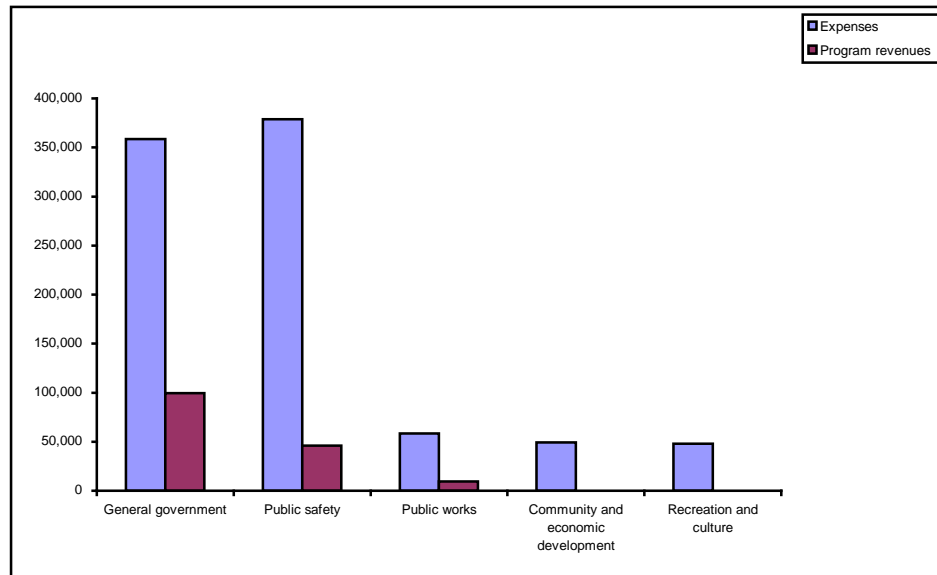
Net position increased by \$522,245 for the Township’s governmental activities.

The following analysis highlights the changes in net position for the years ended March 31, 2014 and 2013.

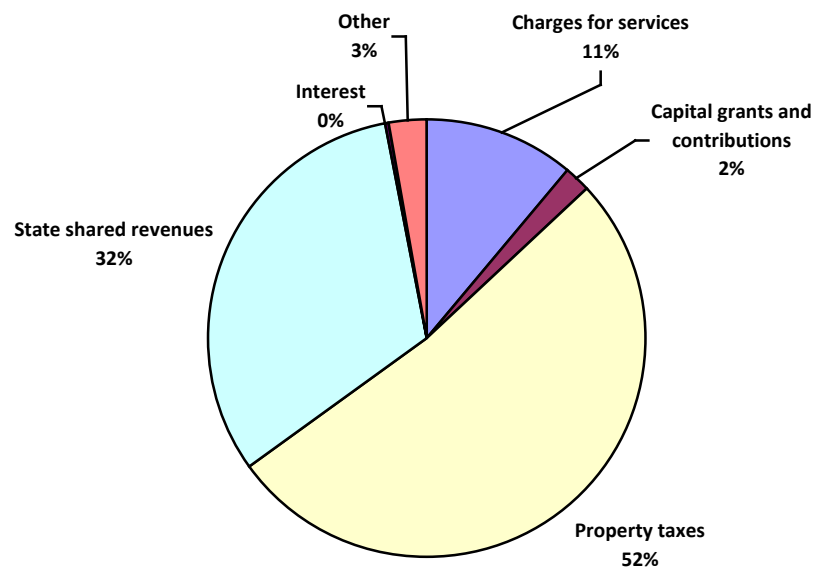
TABLE 2 - Robinson Township's Changes in Net Position

	Governmental	
	Activities	
	2014	2013
Program revenues		
Charges for services	\$ 148,193	\$ 160,107
Capital grants and contributions	6,600	30,500
General revenues		
Property taxes	754,165	728,634
State shared revenues	463,000	451,825
Interest	4,559	4,436
Other	38,866	10,878
Total revenues	<u>1,415,383</u>	<u>1,386,380</u>
Program expenses		
General government	358,712	312,423
Public safety	378,766	325,222
Public works	58,380	60,588
Community and economic development	49,334	39,449
Recreation and culture	47,946	44,589
Interest on long-term debt	-	1,351
Total expenses	<u>893,138</u>	<u>783,622</u>
Change in Net Position	<u>\$ 522,245</u>	<u>\$ 602,758</u>

Expenses and Program Revenues – Governmental Activities



Revenues by Source – Governmental Activities



Financial Analysis of the Township's Funds

Governmental Funds - Our analysis of the Township's major funds begins on page 3, following the entity wide financial statements. The fund financial statements provide detail information about the most significant funds, not the Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as special property tax millages, grants, contributions or capital projects. The Township's major funds for the year ended March 31, 2014 consist of the General Fund, Fire Operating Fund and Roads Fund.

The General Fund is the main operating fund of the Township. Total General Fund revenues and other financing sources for fiscal year 2014 increased by \$5,506 or 0.6%, to \$894,486, compared to the prior year. Property tax revenues increased by \$7,551 or 3.3%. State shared revenues increased by \$8,371 or 1.9%. Licenses and permits revenues decreased by \$3,276 or 2.5%. All other General Fund revenue sources decreased by \$7,140.

General Fund expenditures decreased in fiscal year 2014 by \$17,461 or 3.0%, to \$564,820. The most significant decrease occurred in the category of Water system due to decreased payments on debt obligations.

During fiscal year 2014 the General Fund also transferred \$197,800 of assigned fund balance to the Roads Fund.

The March 31, 2014 fund balance of the General Fund is \$1,402,214 which is all unrestricted. This is an increase of \$131,866 from the prior year. The \$1,402,214 fund balance is approximately 248.3% of fiscal year 2014 expenditures which amounted to \$564,820.

The Fire Operating Fund is used to account for special taxes levied, grants and other revenues restricted for fire department operating and capital acquisitions. Total Fire Operating Fund revenues and other sources decreased by \$7,035 or 2.2% compared to the prior fiscal year. Property tax revenues increased by \$10,602 or 3.5%, other sources decreased \$17,500. Fire Operating Fund expenditures decreased in fiscal year 2014 by \$162,792 or 39.0%, with salaries and payroll taxes accounting for 44.4% of total expenditures and capital expenditures for a new boat, and truck accounting for 13.9% of total expenditures.

The March 31, 2014 fund balance of the Fire Operating Fund is \$669,162 which is all restricted for fire operating purposes. This is an increase of \$62,501 from the prior year. The \$669,162 fund balance is approximately 263.0% of fiscal year 2014 expenditures which amounted to \$254,400.

The Roads Fund was established in fiscal year 2013 and accounts for special taxes levied and transfers from the General Fund to be used for road construction, paving and maintenance purposes. The Road Fund revenues increased \$8,251 or 4.3% compared to the prior fiscal year. Property tax revenues increased \$7,378 or 3.8%, interest and other revenues increased \$873. The Road Fund also had transfers in from the General Fund of \$197,800. The Road Fund had capital outlay expenditures of \$503,360 during fiscal year 2014 compared to \$0 in the prior year.

The March 31, 2014 fund balance of the Road Fund is \$719,889, with \$0 being restricted and \$719,889 assigned for road construction, paving and maintenance.

General Fund Budgetary Highlights

Over the course of the year, the Township Board amended the budget to take into account events during the year. The largest increases in budgeted amounts were for retirement contributions to reflect increased participation, and payroll taxes to reflect additional payroll tax payments made by the Township. These increases were offset by reductions in the budgeted amounts for Township Board and township hall

(among other activities). Overall, the total budgeted expenditures for the year remained unchanged. Total General Fund expenditures were \$124,305 below the final budget.

Capital Assets and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental activities as of March 31, 2014 amounted to \$2,194,623 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and vehicles. The total increase in the Township's investment in capital assets for the current fiscal year was \$428,627 (24.3%) for governmental activities.

Major capital asset events during the current fiscal year included the following:

- \$503,360 for Buchanan St. paving
- \$22,207 for new pickup truck
- \$10,789 for new fire department boat

Additional information on the Township's capital assets can be found in note 4 on page 12 of this report.

Robinson Township's Capital Assets (net of depreciation)

	Governmental Activities	
	2014	2013
Land	\$ 165,189	\$ 165,189
Buildings and improvements	325,185	346,683
Land improvements	388,224	409,321
Machinery and equipment	78,336	101,121
Vehicles	734,329	748,013
Infrastructure	503,360	-
Total	<u>\$ 2,194,623</u>	<u>\$ 1,770,327</u>

Long-term debt. At March 31, 2014, the Township had total installment debt outstanding of \$0.

Robinson Township's Outstanding Debt

	Governmental Activities	
	2014	2013
Allendale Charter Township:		
2010 Contract amendment - 96th Ave	\$ -	\$ 4,331
Total	<u>\$ -</u>	<u>\$ 4,331</u>

Total outstanding debt decreased by \$4,331 during the current year as a result of the Township making debt principal payments of \$4,331 while incurring no new debt.

Additional information on the Township's long-term debt can be found in Note 6 on page 13 of this report.

Economic Factors and Next Year's Budgets and Rates

The Township's budget for 2014 calls for no change in the overall property tax rate except for any reductions required by Proposal A. The state-wide tax reform act limits the growth in taxable value on any property to the lesser of inflation or 5%. Because some properties increase in value by less than inflation, the mathematical result is that the total taxable value for the Township will grow less than inflation, before considering new property additions.

The Township's General Fund budget for 2014 calls for a decrease in revenues of approximately \$27,000 compared to fiscal year 2014 actual amounts, while expenditures are budgeted to be approximately \$104,000 higher compared to the fiscal year 2014 actual amounts. This still results in an overall budgeted excess of revenues over expenditures for fiscal year 2015.

Requests for Information

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. If you have any questions regarding this report or need additional information, we welcome you to contact the Township office.

Basic Financial Statements

Robinson Township, Michigan
STATEMENT OF NET POSITION
March 31, 2014

	<u>Governmental Activities</u>
ASSETS	
Cash and investments	\$ 2,673,772
Receivables:	
Accounts	37,217
Due from other governments	142,535
Prepaid items	25,740
Capital assets not being depreciated	165,189
Capital assets (net of accumulated depreciation)	<u>2,029,434</u>
 Total Assets	 <u>5,073,887</u>
 LIABILITIES	
Accounts payable	28,958
Accrued payroll	8,868
Deposits	<u>9,638</u>
 Total Liabilities	 <u>47,464</u>
 NET POSITION	
Net investment in capital assets	2,194,623
Restricted for fire operating	669,162
Unrestricted	<u>2,162,638</u>
 Total Net Position	 <u><u>\$ 5,026,423</u></u>

Robinson Township, Michigan
STATEMENT OF ACTIVITIES
Year Ended March 31, 2014

		Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
Function/Programs:					Governmental
Primary Government:					Activities
Governmental Activities:					
General government	\$ 358,712	\$ 99,460	\$ -	\$ -	\$ (259,252)
Public safety	378,766	45,901	-	-	(332,865)
Public works	58,380	2,832	-	6,600	(48,948)
Community and economic development	49,334	-	-	-	(49,334)
Recreation and culture	47,946	-	-	-	(47,946)
Total Governmental Activities	\$ 893,138	\$ 148,193	\$ -	\$ 6,600	(738,345)
General revenues:					
					754,165
					463,000
					4,559
					38,866
Total General Revenues					1,260,590
Change in Net Position					522,245
Net Position - Beginning					4,504,178
Net Position - Ending					\$ 5,026,423

Robinson Township, Michigan
BALANCE SHEET
GOVERNMENTAL FUNDS
March 31, 2014

	General Fund	Special Revenue Fire Operating Fund	Capital Projects Roads Fund	Total Governmental Funds
ASSETS				
Cash and investments	\$ 1,492,804	\$ 668,956	\$ 512,012	\$ 2,673,772
Receivables:				
Accounts	37,217	-	-	37,217
Due from other funds	-	-	197,800	197,800
Due from other governments	77,400	15,873	10,077	103,350
Prepaid items	<u>25,740</u>	<u>-</u>	<u>-</u>	<u>25,740</u>
Total Assets	<u>\$ 1,633,161</u>	<u>\$ 684,829</u>	<u>\$ 719,889</u>	<u>\$ 3,037,879</u>
LIABILITIES				
Accounts payable	\$ 23,454	\$ 5,504	\$ -	\$ 28,958
Accrued payroll	2,584	6,284	-	8,868
Deposits	5,759	3,879	-	9,638
Due to other funds	197,800	-	-	197,800
Unearned revenue	<u>1,350</u>	<u>-</u>	<u>-</u>	<u>1,350</u>
Total Liabilities	<u>230,947</u>	<u>15,667</u>	<u>-</u>	<u>246,614</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	25,740	-	-	25,740
Restricted for:				
Fire operating	-	669,162	-	669,162
Assigned for:				
Roads	-	-	719,889	719,889
Parks	65,697	-	-	65,697
Water projects	131,397	-	-	131,397
Unassigned	<u>1,179,380</u>	<u>-</u>	<u>-</u>	<u>1,179,380</u>
Total Fund Balances	<u>1,402,214</u>	<u>669,162</u>	<u>719,889</u>	2,791,265
Total Liabilities and Fund Balances	<u>\$ 1,633,161</u>	<u>\$ 684,829</u>	<u>\$ 719,889</u>	

Amount reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds:	2,194,623
State shared revenues (sales taxes) collected and held by the State at year end are not considered available to pay for current year expenditures and are therefore not reported in the funds	39,185
Certain receivables are expected to be collected over several years and are not available to pay for current year expenditures and are therefore deferred in the funds	<u>1,350</u>
Net Position of Governmental Activities	<u>\$ 5,026,423</u>

Robinson Township, Michigan
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended March 31, 2014

	General Fund	Special Revenue Fire Operating Fund	Capital Projects Roads Fund	Total Governmental Funds
Revenues:				
Taxes	\$ 238,238	\$ 315,626	\$ 200,301	\$ 754,165
Licenses and permits	130,131	-	-	130,131
State shared revenues	459,717	-	-	459,717
Charges for services	5,313	-	-	5,313
Interest	3,023	451	1,085	4,559
Special assessments	10,107	-	-	10,107
Other	47,957	824	2	48,783
Total Revenues	<u>894,486</u>	<u>316,901</u>	<u>201,388</u>	<u>1,412,775</u>
Expenditures:				
Current:				
General government	322,535	-	-	322,535
Public safety	65,088	254,400	-	319,488
Public works	58,313	-	-	58,313
Community and economic development	49,334	-	-	49,334
Recreation and culture	32,062	-	-	32,062
Other	37,488	-	-	37,488
Capital outlay	-	-	503,360	503,360
Total Expenditures	<u>564,820</u>	<u>254,400</u>	<u>503,360</u>	<u>1,322,580</u>
Excess of Revenues Over (Under) Expenditures	<u>329,666</u>	<u>62,501</u>	<u>(301,972)</u>	<u>90,195</u>
Other Financing Sources (Uses):				
Transfers in	-	-	197,800	197,800
Transfers out	(197,800)	-	-	(197,800)
Total Other Financing Sources (Uses)	<u>(197,800)</u>	<u>-</u>	<u>197,800</u>	<u>-</u>
Net Change in Fund Balances	131,866	62,501	(104,172)	90,195
Fund Balances - April 1	<u>1,270,348</u>	<u>606,661</u>	<u>824,061</u>	<u>2,701,070</u>
Fund Balances - March 31	<u>\$ 1,402,214</u>	<u>\$ 669,162</u>	<u>\$ 719,889</u>	<u>\$ 2,791,265</u>

Robinson Township, Michigan
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended March 31, 2014

Net change in fund balances-Total Governmental Funds \$ 90,195

Amounts reported for the governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities these costs are allocated over their estimated useful lives as depreciation:

Current year capital outlays capitalized - general capital assets	536,356
Current year depreciation expense on capitalized assets	(112,060)

Timing of revenue recognition differs in the statement of activities versus the funds financial statements for certain revenues that do not provide current financial resources

State shared revenues	3,283
Special assessment revenues	(675)

Repayments of notes payable principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets

4,331

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due

815

Change in net position of governmental activities \$ 522,245

Robinson Township, Michigan
NOTES TO FINANCIAL STATEMENTS
Year Ended March 31, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Robinson Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Robinson Township:

Reporting Entity

Robinson Township is governed by an elected five-member board of trustees. The accompanying financial statements present the Township and its component units, entities for which the Township is considered to be financially accountable. Although blended component units are legal separate entities, in substance, they are part of the Township's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government (see discussion below for description).

Blended Component Unit. The Township has no blended component units.

Discretely Presented Component Unit. The Township has no discretely presented component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities (the Township has no business-type activities) which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable (the township has no legally separate component units).

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for the governmental funds. The Township's three individual governmental funds, which are considered major funds, are reported as separate columns in these fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual (that is, when they become both measurable and available to finance expenditures of the fiscal period) are property taxes, grants, special assessments, licenses, interest revenue, and charges for services. Other revenue is recorded when received.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Operating (Special Revenue) Fund - The Fire Operating Fund accounts for resources of special taxes levied, grants, and other revenues that are restricted for fire department operating and capital acquisitions.

Roads (Capital Projects) Fund - The Roads Fund accounts for resources of special taxes levied that are restricted for road construction and maintenance purposes and contributions from the General Fund assigned for similar purposes.

As a general rule, the effect of the inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Budgets and Budgetary Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds.

Before March 31, the proposed budget is presented to the Township Board for review. The Board holds public hearings and a final budget must be prepared and adopted no later than March 31. Appropriated budgets are amended from time to time throughout the course of the year by supplementary resolutions approved by the Board of Trustees. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. Amounts encumbered for purchase orders, contracts, etc. are not tracked during the year. Budget appropriations are considered spent once the goods are delivered or the services rendered.

For the General Fund, the appropriated budget is prepared by function and activity. The legal level of budgetary control adopted by the governing body for the General Fund is the activity level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. For the Fire Operating Fund the appropriated budget is prepared on a line item basis. The legal level of budgetary control adopted by the governing body for the Fire Operating Fund is the line item level. Expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations as compared to budget for the General Fund and Fire Operating Fund is included in the required supplemental information.

Bank Deposits and Investments

The Township maintains separate cash accounts for each of its various funds as well maintaining a pooled cash account to facilitate the management of cash.

The Township's investment policies are governed by state statutes, formal board policy, and administrative procedures. Permissible investments include obligations of the U.S. Treasury and its agencies, Michigan financial institution certificates of deposits and accounts, commercial paper with prescribed ratings, U.S. government repurchase agreements, and mutual funds and investment pools consisting of any of the above. Attorney General's Opinion No. 6168 states that public funds may not be deposited in institutions located in states other than Michigan. The township's deposits are in accordance with statutory authority.

Investments are recorded at fair value.

Receivables and Payables

In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectible amounts. Allowances for uncollectible amounts are not material.

Inventories and Prepaid Items

Inventories do not consist of material amounts. The cost of inventoriable supplies has been recorded as an expenditure at the time of purchase. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the government-wide financial statements. General infrastructure assets acquired prior to April 1, 2004, are not reported in the basic financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Included in capital assets are the township’s investment in roads and drains within the township that are recorded as intangible assets (shared road improvements and flowage rights). Although paid for by the township, Michigan law makes these assets property of the County (along with the responsibility to maintain them).

Property, plant and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-40
Land improvements	10-30
Machinery and equipment	5-15
Office furniture and equipment	3-10
Vehicles	5-25
Roads and sidewalks	15-25

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet will sometimes report a separate section for deferred outflow of resources. This separate financial statements element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Township has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Township has no items that qualify for reporting in this category.

Net Position Flow Assumption/Fund Balance Flow Assumptions

In order to calculate the amount to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In order to calculate the amounts reported as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the Township's policy to consider restricted fund balance to have been depleted before any of the components of unrestricted fund balance is applied in the following order: committed, assigned, or unassigned.

Compensated Absences

It is the Township's policy to permit employees to accumulate earned but unused vacation pay benefits. If material, all vacation pay is accrued in the government-wide financial statements. A liability for these amounts is reported in governmental funds only for employee terminations at year end.

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are reported as debt service expenses. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In governmental fund financial statements, fund balances are classified as follows:

- Nonspendable – amounts that are not in spendable form (such as prepaids and inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations) or imposed by law through constitutional provisions or enabling legislation.
- Committed – amounts constrained to specific purposes determined by formal action by Township Board ordinance or resolution, and that remains binding unless removed in the same manner.
- Assigned – amounts, neither restricted nor committed, a government intends to use for a specific purpose; intent can be expressed by the Township Board or a body or official to which the Township Board has delegated the authority to assign amounts for specific purposes.
- Unassigned – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Property Taxes

Property taxes are levied on each December 1 (lien date and due date) on the taxable valuation of property as of the preceding December 31. Real and personal property taxes are collected without additional charge through February 14. The Township continues to collect taxes until March 1, at which time the delinquent real property taxes are returned to the county for collection. Taxes returned to the county treasurer are subject to penalty and interest. The county's policy has been to pay the township for all delinquent real property taxes returned. The Township continues to collect delinquent personal property taxes.

The Township's 2013 ad valorem tax is levied and collectible on December 1, 2013 and it is the Township's policy to recognize revenue from this levy in the year ended March 31, 2014, when proceeds of this levy are budgeted and made available for the financing of operations.

Use of Estimates

The preparation of financial statements in conformity with accounting principle generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Excess of Expenditures Over Appropriations in Budgeted Funds

During the year, the Township incurred expenditures in certain budgeted funds which were in excess of the amounts appropriated, as follows:

Budget Items	Budget Appropriation	Actual Expenditure
General Fund - Township Board	\$ 82,800	\$ 92,329
General Fund - Elections	34,000	34,511
General Fund - Board of review	825	971
General Fund - Sheriff	11,000	11,718
General Fund - Refuse collection/disposal	2,000	2,068
General Fund - Planning commission	16,000	16,279
General Fund - Zoning board of appeals	6,500	7,151
General Fund - Transfers out	-	197,800
Fire Operating Fund - Firefighter maintenance/training	15,900	20,297
Fire Operating Fund - Salaries officers	4,600	5,667
Fire Operating Fund - Fuel	8,500	9,823

State Construction Code Act

The Township oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The Township charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs.

The Township accounts for the activity of its building inspection department within its General Fund. Following is a summary of the cumulative deficit and activity for the year ended March 31, 2014:

Surplus (deficit) - April 1, 2013	\$ (193,535)
Charges for services	\$ 45,901
Building inspection expenditures	<u>38,370</u> <u>7,531</u>
Surplus (deficit) - March 31, 2014	<u>\$ (186,004)</u>

3. DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The governing body has designated several banks for the deposit of township funds. The investment policy adopted by the Township in accordance with Public Act 196 of 1997 has authorized investment in all of the State statutory authority as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Township's deposits and investments totaling \$2,673,772 were all reported in the Governmental Activities category.

The breakdown between deposits and investments is as follows:

Bank Deposits (checking and savings accounts, certificates of deposit, and money market deposit accounts)	<u>\$ 2,673,772</u>
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Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year end the bank balance of the Township's deposits was \$2,683,328 of which \$1,440,053 was covered by depository insurance and \$1,243,275 was exposed to custodial credit risk because it was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of depository insurance, it is impractical to insure all bank deposits. As a result, the Township evaluates each financial institution with which it deposits township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Investments

Interest rate risk. Except as limited by state law as listed in the above list of authorized investments the Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk. The Township has no investment policy that limits its investment choices beyond those required by state law.

Custodial Credit Risk-Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Township will not be able to recover the value of its investments that are in the possession of the outside party. The Township has not adopted a policy for investment custodial risk.

4. CAPITAL ASSETS

Capital asset activity of the Township for the current year was as follows:

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	<u>\$ 165,189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,189</u>
Capital Assets Being Depreciated				
Building and improvements	626,963	-	-	626,963
Land improvements	565,083	-	-	565,083
Machinery and equipment	375,418	-	-	375,418
Office furniture and equipment	42,277	-	-	42,277
Vehicles	1,003,752	32,996	(17,600)	1,019,148
Infrastructure	<u>-</u>	<u>503,360</u>	<u>-</u>	<u>503,360</u>
Subtotal	<u>2,613,493</u>	<u>536,356</u>	<u>(17,600)</u>	<u>3,132,249</u>
Less Accumulated Depreciation for				
Buildings and improvements	(280,280)	(21,498)	-	(301,778)
Land Improvements	(155,762)	(21,097)	-	(176,859)
Machinery and equipment	(274,297)	(22,785)	-	(297,082)
Office furniture and equipment	(42,277)	-	-	(42,277)
Vehicles	<u>(255,739)</u>	<u>(46,680)</u>	<u>17,600</u>	<u>(284,819)</u>
Subtotal	<u>(1,008,355)</u>	<u>(112,060)</u>	<u>17,600</u>	<u>(1,102,815)</u>
Net Capital Assets Being Depreciated	<u>1,605,138</u>	<u>424,296</u>	<u>-</u>	<u>2,029,434</u>
Governmental Activities Total				
Capital Assets - Net of Depreciation	<u>\$ 1,770,327</u>	<u>\$ 424,296</u>	<u>\$ -</u>	<u>\$ 2,194,623</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities	
General government	\$ 9,793
Public safety	81,170
Public works	5,213
Recreation and culture	<u>15,884</u>
Total Governmental Activities	<u>\$ 112,060</u>

Construction Commitments-The Township had no significant construction commitments as of March 31, 2014.

5. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

At March 31, 2014 the General Fund had a balance due to the Road Fund in the amount of \$197,800. During the year ended March 31, 2014 the General Fund transferred \$197,800 to the Road Fund for future road paving projects.

6. LONG-TERM DEBT

The Township has entered into agreements with Grand Haven Charter Township and Allendale Charter Township to pay for the construction of portions of water systems serving residents of Robinson Township. All Robinson Township residents accessing the system are billed by and are customers of the Grand Haven Charter Township or Allendale Charter Township water systems.

The agreements also require Grand Haven Charter Township to reimburse Robinson Township for the debt service portion of water rate charges paid by Robinson Township residents to Grand Haven Charter Township. Such reimbursements received by Robinson Township amounted to \$9,832 in the year ended March 31, 2014.

Contractual obligation activity under these agreements for the Township can be summarized as follows:

	<u>Original Issue</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Contractual Obligations due						
Allendale Charter Township:						
2010 Contract amendment - 96th Ave extension						
interest at 4.16%, due 6-1-2028	\$ 107,449	\$ 4,331	\$ -	\$ (4,331)	\$ -	\$ -

7. RESTRICTED ASSETS

The Township has no restricted assets at March 31, 2014.

8. RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased full multi-peril insurance and workers compensation coverage. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

9. CONTINGENT LIABILITIES

In the normal course of its activities, the Township from time to time becomes party to various legal actions asserting claims against the township. The Township follows the policy of providing for these claims when a loss is probable and a loss becomes fixed or determinable in amount. No liability has been provided for any matters in the March 31, 2014 financial statements.

10. DEFINED CONTRIBUTION PENSION PLAN

The Township provides pension benefits to all employees meeting eligibility requirements. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. For non-elected eligible employees, the Township contributes 8% of eligible earnings and plan participants are also required to contribute 8% of eligible earnings, as defined by the plan document. The Township contributes 20% of eligible earnings for the elected trustees. The Township contributed \$21,983 for the year ended March 31, 2014. Plan provisions and contribution requirements are established and may be amended by the Township Board.

Required Supplementary Information

Robinson Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE - GENERAL FUND
Year Ended March 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 222,634	\$ 222,634	\$ 238,238	\$ 15,604
Licenses and permits	135,150	135,150	130,131	(5,019)
State shared revenues	509,400	509,400	459,717	(49,683)
Charges for services	6,160	6,160	5,313	(847)
Interest	3,000	3,000	3,023	23
Special assessments	11,600	11,600	10,107	(1,493)
Other	21,775	21,775	47,957	26,182
Total Revenues	<u>909,719</u>	<u>909,719</u>	<u>894,486</u>	<u>(15,233)</u>
Expenditures:				
Current:				
General Government:				
Township Board	77,800	82,800	92,329	(9,529)
Supervisor	25,000	25,000	21,453	3,547
Elections	14,000	10,000	5,093	4,907
Assessor	33,000	34,000	34,511	(511)
Clerk	27,000	27,000	24,956	2,044
Board of review	825	825	971	(146)
Treasurer	35,000	35,000	28,440	6,560
Township hall	150,000	137,000	106,234	30,766
Cemetery	17,000	13,000	8,548	4,452
Total General Government	<u>379,625</u>	<u>364,625</u>	<u>322,535</u>	<u>42,090</u>
Public Safety:				
Sheriff	11,000	11,000	11,718	(718)
Fire department	15,000	15,000	15,000	-
Building inspection	60,000	60,000	38,370	21,630
Civil defense	500	500	-	500
Total Public Safety	<u>86,500</u>	<u>86,500</u>	<u>65,088</u>	<u>21,412</u>
Public Works:				
Public works-other	35,000	32,000	9,153	22,847
Drains	3,000	3,000	1,691	1,309
Roads	40,000	40,000	38,280	1,720
Refuse collection/disposal	1,000	2,000	2,068	(68)
Water system	8,000	8,000	7,121	879
Total Public Works	<u>87,000</u>	<u>85,000</u>	<u>58,313</u>	<u>26,687</u>

Robinson Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISION SCHEDULE - GENERAL FUND
Year Ended March 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Community and Economic Development:				
Planning commission	10,000	16,000	16,279	(279)
Zoning	27,500	27,500	25,904	1,596
Zoning board of appeals	5,500	6,500	7,151	(651)
Total Community and				
Economic Development	43,000	50,000	49,334	666
Recreation and Culture:				
Township park operating	25,000	25,000	18,176	6,824
Township park capital improvements	15,000	15,000	3,180	11,820
Recreation program	12,500	12,500	10,706	1,794
Total Recreation and Culture	52,500	52,500	32,062	20,438
Other:				
Retirement contribution	34,000	41,000	30,310	10,690
Payroll taxes	6,500	9,500	7,178	2,322
Total other	40,500	50,500	37,488	13,012
Total Expenditures	689,125	689,125	564,820	124,305
Excess Of Revenues Over Expenditures	220,594	220,594	329,666	109,072
Other Financing Sources(Uses):				
Transfers out	-	-	(197,800)	(197,800)
Net Change in Fund Balances	220,594	220,594	131,866	(88,728)
Fund Balances - April 1	1,270,348	1,270,348	1,270,348	-
Fund Balances - March 31	\$ 1,490,942	\$ 1,490,942	\$ 1,402,214	\$ (88,728)

Robinson Township, Michigan
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - FIRE OPERATING FUND
Year Ended March 31, 2014

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final Budget
Revenues:				
Taxes	\$ 304,081	\$ 304,081	\$ 315,626	\$ 11,545
Interest	1,300	1,300	451	(849)
Other	1,500	1,500	824	(676)
Total Revenues	<u>306,881</u>	<u>306,881</u>	<u>316,901</u>	<u>10,020</u>
Expenditures:				
Current:				
Public Safety:				
Firefighter maintenance/training	-	15,900	20,297	(4,397)
Salaries-officers	-	4,600	5,667	(1,067)
Salaries training	66,000	64,500	58,793	5,707
Payroll taxes	-	30,000	28,399	1,601
Office supplies	4,000	4,000	3,451	549
Association dues	1,500	1,500	629	871
Medical supplies	4,500	4,500	1,756	2,744
Phone/pagers	8,000	8,000	5,433	2,567
Fuel	8,000	8,500	9,823	(1,323)
Insurance	40,000	40,000	37,464	2,536
Utilities	10,000	10,000	5,530	4,470
Maintenance/repairs	15,000	5,000	1,877	3,123
Maintenance/building and grounds	10,000	10,000	4,340	5,660
Maintenance/apparatus	15,000	15,000	12,889	2,111
Maintenance/radio	7,500	4,500	2,596	1,904
Compressor/air repair	6,000	2,000	646	1,354
Fire prevention	4,000	3,500	2,093	1,407
Hydrant rental	3,000	3,000	2,419	581
Miscellaneous	15,000	11,000	9,542	1,458
Legal expense	1,500	4,000	3,870	130
Training school/inspection	5,000	5,000	1,628	3,372
Capital outlay	<u>80,000</u>	<u>49,500</u>	<u>35,258</u>	<u>14,242</u>
Total expenditures	<u>304,000</u>	<u>304,000</u>	<u>254,400</u>	<u>49,600</u>
Net Change in Fund Balances	2,881	2,881	62,501	59,620
Fund Balances - April 1	<u>606,661</u>	<u>606,661</u>	<u>606,661</u>	<u>-</u>
Fund Balances - March 31	<u>\$ 609,542</u>	<u>\$ 609,542</u>	<u>\$ 669,162</u>	<u>\$ 59,620</u>



Kiekoever Scholma & Shumaker PC

Certified Public Accountants

Daniel Buist
Joseph Kuiper
David Nienhuis
Emil Sabolish, Jr.
Kenneth Scholma

June 25, 2014

Township Board
Robinson Township, Michigan

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Robinson Township as of and for the year ended March 31, 2014, in accordance with auditing standards generally accepted in the United States of America, we considered Robinson Township's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Identified Deficiencies in Internal Control

We believe the following deficiencies constitute material weaknesses.

- 1. Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) -**
As is the case with many smaller and medium-sized governmental units, the Township relies on its independent external auditors to assist in the preparation of the annual financial statements and related footnote disclosures. While the Township generally understands all the information included in the annual financial statements, the Township's ability to prepare financial statements in accordance with generally accepted accounting principles (GAAP) is based, in part, on its reliance on its external auditors, who by definition cannot be considered a part of the Township's internal controls. As a result the Township lacks internal controls over the preparation of annual financial statements in accordance with GAAP. We recommend no changes to this situation at this time as the Township has determined it is more cost effective to continue to outsource this task to its external auditors than to incur the time and expense of obtaining the necessary training and expertise required for the Township to perform this task internally.
- 2. Capital Asset Accounting -** The Township lacks controls and procedures to identify property and equipment acquired during the year that is subject to capitalization in accordance with the Township's capital asset capitalization policy. It is necessary for the auditor to propose adjustments to properly reflect this activity.
- 3. Auditor Adjustments -** During the course of the audit, adjustments were proposed by the auditor to properly record amounts for accounts payable, accounts receivable, for prepaid pension expenditures and to reclassify certain expenditures.

The potential effect of the above material weaknesses is that 1) financial statements would be materially misstated and 2) certain revenues and expenditures would be reflected in incorrect funds and consequently individual fund balances would be misstated.

This communication is intended solely for the information and use of management, the Board of Trustees, and others in the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Kiekoever, Scholma & Shumaker, PC